
MONTO MINERALS LIMITED

ACN 063 144 865

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Level 1, 33 Ord Street, West Perth, Western Australia on 22 February 2012 at 3pm (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact Patrick Burke by telephone on +61 8 9420 9300.

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Monto Minerals Limited (**Company**) will be held at Level 1, 33 Ord Street, West Perth, Western Australia on 22 February 2012 at 3pm (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 20 February 2012 at 3pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 9.

AGENDA

1. Resolution 1 - Approval of the Monto Employee Performance Rights Plan

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.2, Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, the Shareholders approve the performance rights plan for employees (including Directors) of the Company known as the "Monto Employee Performance Rights Plan" and the grant of Performance Rights and the issue of Shares under such Performance Rights Plan, which Performance Rights Plan is summarised in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 1 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Adoption of Monto Employee Option Acquisition Plan

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, approval is given for the establishment of the “Monto Employee Option Acquisition Plan” on the terms and conditions summarised in Schedule 1 and in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 2 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Resolution 3 – Approval of the Grant of Performance Rights to a Director – Mr James Allchurch

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, conditional upon Resolution 1 being approved, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, the Shareholders authorise the grant of up to 27,000,000 Performance Rights under the Monto Employee Performance Rights Plan, for no consideration, to Mr James Allchurch on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 3 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Authority to Grant Plan Options to a Director – Mr James Allchurch

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, conditional upon Resolution 2 being approved, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, the Shareholders authorise the grant of up to 13,000,000 Plan Options under the Monto Employee Option Acquisition Plan to Mr James Allchurch on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 4 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Authority to Grant Plan Options to a Director – Mr Gary Steinepreis

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, conditional upon Resolution 2 being approved, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, the Shareholders authorise the grant of up to 5,000,000 Plan Options under the Monto Employee Option Acquisition Plan to Mr Gary Steinepreis on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 5 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Authority to Grant Plan Options to a Director – Mr Patrick Burke

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, conditional upon Resolution 2 being approved, pursuant to and in accordance with Listing Rule 10.14, and for all other purposes, the Shareholders authorise the grant of up to 2,500,000 Plan Options under the Monto Employee Option Acquisition Plan to Mr Patrick Burke on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 6 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 16 January 2012

BY ORDER OF THE BOARD

Gary Steinepreis
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, 33 Ord Street, West Perth on 22 February 2012 at 3pm (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1-6 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 1-6.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 1-6 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Resolution 1 – Approval of the Performance Rights Plan

3.1 Background

The Directors have convened the Meeting to approve the establishment of the Monto Employee Performance Rights Plan (**Performance Rights Plan**), including the grant of Performance Rights to Mr James Allchurch, a Director of the Company, under the Performance Rights Plan.

The Performance Rights Plan provides for the issuance of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary Share in the Company for each Performance Right.

The Company wishes to exempt issues of securities under the Performance Rights Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Performance Rights Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Performance Rights Plan as an exception to the limit under Listing Rule 7.1.

No securities have been issued under the Performance Rights Plan and the Performance Rights Plan has not previously been approved by Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Performance Rights Plan and all unallocated Performance Rights issuable pursuant thereto every three years.

Further information about the Performance Rights Plan is set out below. A copy of the Performance Rights Plan can be obtained by contacting the Company.

Reasons for the new Performance Rights Plan

To achieve its corporate objectives, the Company needs to attract and retain its key staff. The Board believes that grants made to eligible participants under the Performance Rights Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Performance Rights Plan will:

- (a) enable the Company to recruit, incentivise and retain Key Management Personnel and other eligible Employees needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Performance Rights Plan with those of Shareholders; and
- (d) provide incentives to participants of the Performance Rights Plan to focus on superior performance that creates Shareholder value.

Outline of the Performance Rights Plan

This section gives a brief outline of how the Board intends to implement initial participation under the rules of the proposed Performance Rights Plan.

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. As well, they are used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights under the Performance Rights Plan to employees (including Directors), to achieve the objectives outlined above. A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan.

Overview of the Performance Rights Plan rules and terms and conditions

The Board is cognizant of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Performance Rights Plan to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting and the Employee being advised that the vesting conditions have been met, Shares will be issued by the Employee exercising the Performance Rights.

The Board considers the Performance Rights Plan a crucial mechanism to encourage and retain high level executive and employee performance. The Board intends to implement the Performance Rights Plan, and set the performance conditions, in a manner designed to incentivise and reward high level executive and employee performance.

The main features of the Performance Rights Plan (and the terms and conditions to be attached to the Performance Rights Plan) are summarised as follows:

Eligible Participants: The eligible participants under the Performance Rights Plan are Employees (including Directors) of the Company and its subsidiaries (**Eligible Employees**).

In accordance with the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan and be granted Performance Rights.

Limits on Entitlements: An offer of Performance Rights may only be made under the Performance Rights Plan if the number of Shares that may be acquired on exercise of those Performance Rights, when aggregated with:

- (a) the number of Shares which would be issued if each outstanding offer, right or option to acquire unissued Shares, being an offer made or right or option acquired pursuant to the Performance Rights Plan or any other incentive schemes, were to be accepted or exercised (as the case may be); or
- (b) the number of Shares issued during the previous 5 years pursuant to the Performance Rights Plan or any other incentive schemes;

does not exceed 5% of the total number of issued Shares as at the time of the offer (or such other maximum permitted under any ASIC class order providing relief from the disclosure regime of the Corporations Act).

Individual Limits: The Performance Rights Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.

Consideration Payable: Performance Rights will be issued for no consideration and no amount will be payable upon exercise thereof.

Offer and Performance Conditions: The Performance Rights issued under the Performance Rights Plan to Eligible Employees will be subject to performance conditions, determined by the Board from time to time and expressed in a written offer letter (**Offer**) made by the Company to the Eligible Employee which is subject to acceptance by the Eligible Employee within a specified period. The performance conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company (iii) a vesting period following satisfaction of performance conditions before the Performance Rights vest, or (iv) such other performance conditions as the Board may determine and set out in the Offer. The Board in its absolute discretion determines whether performance conditions have been met.

Milestone Date, Expiry Date & Lapse: Performance Rights will have an expiry date as the Board may determine in its absolute discretion and specify in the Offer. The Board is not permitted to extend an expiry date without shareholder approval.

The performance conditions of Performance Rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the Offer. The Board shall have discretion to extend a milestone date where the Board (in its sole discretion) considers that unforeseen circumstances or events have caused a delay in achieving the performance condition by the milestone date. The Board shall not be permitted to extend the milestone date beyond the expiry date of the Performance Rights.

If a performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Rights will lapse. A Performance Right will also lapse if the Board determines the participant ceases to be an Eligible Employee for the purposes of the Performance Rights Plan for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

Retirement, Disability, Redundancy or Death: Under the Performance Rights Plan, upon the retirement, total and permanent disability, bona fide redundancy or death of a participant, then in respect of those Performance Rights which have not satisfied the performance condition but have not lapsed, then the participant shall be permitted to continue to hold those Performance Rights as if the participant was still an Eligible Employee.

Forfeiture: If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Board will have the discretion to deem any Performance Rights to have lapsed and deem any Performance Rights that have become Shares to be forfeited. In the event the underlying Shares have been sold by the participant, the participant will be required to pay all or part of the net proceeds of that sale to the Company.

Assignment: Without prior approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

Takeover Bid or Change of Control: All Performance Rights automatically vest in the event of:

- (a) a Court ordering a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such meeting;
- (b) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company; or
- (c) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

Alteration in Share Capital: Appropriate adjustments will be made to the number of Performance Rights in accordance with the Listing Rules in the event of a reconstruction of the share capital of the Company, such as a share consolidation, share split or other reduction of capital.

Pro Rata Issue of Securities: If, during the term of any Performance Rights, the Company makes a pro rata issue of Securities to the Company's Shareholders by way of a rights issue, the holder thereof shall be entitled to participate in the rights issue on the same terms as the Company's Shareholders as if the holder held that number of Shares equal to the number of Shares issuable to the holder if all of the holder's Performance Rights were exercised prior to the record date for determining entitlement under the pro rata issue.

A holder will not be entitled to any adjustment to the number of Shares he or she is entitled to under any Performance Rights or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's Share price, as a result of the Company undertaking a rights issue.

Bonus Issue: If, during the term of any Performance Rights, the Company completes a bonus issue, the number of Shares each Performance Rights holder is then entitled to, shall be increased by that number of securities which the holder would have been issued if the Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.

Participation in other Opportunities: There are no participation rights or entitlements inherent in the Performance Rights though the Company will use its reasonable endeavours to ensure that each holder is given an opportunity to participate on the same basis as if his or her Performance Rights had been exercised.

Termination, Suspension or Amendment: The Board may terminate, suspend or amend the Performance Rights Plan at any time subject to any resolution of the Company required by the Listing Rules.

3.2 Initial Performance Conditions

The Board is intending to grant Performance Rights in three milestone based tranches with the milestone dates as follows:

Tranche	Performance Condition	Milestone Date
Tranche 1 Performance Rights	The participant being an Employee of the Company and reporting against: 1. Drilling programme completion; 2. Completion of regional work to advance the Company's projects; and 3. Completion of acquisition of additional exploration ground or strategic alliance.	The first anniversary of the date of grant of the Tranche 1 Performance Rights.
Tranche 2 Performance Rights	The participant being an Employee of the Company	The second anniversary of the date of grant of the Tranche 2 Performance Rights.
Tranche 3 Performance Rights	The participant being an Employee of the Company	The third anniversary of the date of grant of the Tranche 3 Performance Rights.

The Performance Rights shall have the following expiry dates:

- Tranche 1 Performance Rights shall expire on the second anniversary of the date of grant;
- Tranche 2 Performance Rights shall expire on the third anniversary of the date of grant; and
- Tranche 3 Performance Rights shall expire on the fourth anniversary of the date of grant.

If a performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse.

3.3 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) The material terms of the Performance Rights Plan are summarised above.
- (b) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Performance Rights Plan.
- (c) No securities have been issued under the Performance Rights Plan.
- (d) A voting exclusion statement has been included for the purposes of Resolution 1.

4. Resolution 2 – Adoption of Monto Employee Option Acquisition Plan

4.1 Introduction

Resolution 2 seeks Shareholder approval for the establishment of the Monto Employee Option Acquisition Plan (**Option Plan**) for the purposes of the Corporations Act and for all other purposes.

Resolution 2 is an ordinary resolution.

The aim of this plan is to allow the Board to assist eligible Employees, who in the Board's opinion, are dedicated and will provide ongoing commitment and effort to the Company. Eligible Employees are full-time or permanent part-time Employees of the Company (which includes Directors), or such other persons as the Board determines.

The key features of the Option Plan are as follows:

- (a) The Board will determine the number of Plan Options to be granted to eligible Employees and the vesting conditions, expiry date and the exercise price of the Plan Options in its sole discretion.
- (b) The Plan Options are transferable provided that the transfer complies with the Corporations Act.
- (c) Subject to the Corporations Act and the Listing Rules, the Board will have the power to amend the Option Plan as it sees fit.

A detailed overview of the terms of the Option Plan is attached in Schedule 1.

5. Resolution 3 – Approval of the grant of performance rights to a Director – Mr James Allchurch

5.1 Background

The Company proposes to grant a total of 27,000,000 Performance Rights (2.07% of the Company's issued and outstanding Shares as of the date of this Explanatory Memorandum) to Mr Allchurch, a Director, under the Performance Rights Plan. The principal terms of the Performance Rights to be granted to Mr Allchurch are summarised in Section 3 above.

In the Company's present circumstances, the Board considers that the incentive to Mr Allchurch that will be represented by the grant of these Performance Rights, are a cost effective and efficient reward for the Company to make to appropriately incentivise the

continued performance of Mr Allchurch and are consistent with the strategic goals and targets of the Company.

The Performance Rights to be granted to Mr Allchurch will be granted under the Performance Rights Plan. Mr Allchurch will be granted 9,000,000 Tranche 1 Performance Rights, 9,000,000 Tranche 2 Performance Rights and 9,000,000 Tranche 3 Performance Rights.

The Performance Rights will be granted to Mr Allchurch on the following performance conditions and milestone dates:

Tranche	Performance Condition	Milestone Date	Allocation to Mr James Allchurch
Tranche 1 Performance Rights	Mr Allchurch being an employee of the Company and reporting against: 1. Drilling programme completion; 2. Completion of regional work to advance the Company's projects; and 3. Completion of acquisition of additional exploration ground or strategic alliance.	The first anniversary of the date of grant of the Tranche 1 Performance Rights.	9,000,000
Tranche 2 Performance Rights	Mr Allchurch being an employee of the Company	The second anniversary of the date of grant of the Tranche 2 Performance Rights.	9,000,000
Tranche 3 Performance Rights	Mr Allchurch being an employee of the Company	The third anniversary of the date of grant of the Tranche 3 Performance Rights.	9,000,000

If the performance condition of a Performance Right is satisfied prior to the relevant milestone date, the Performance Right will vest. If the performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse.

The Performance Rights to be granted to Mr Allchurch shall have the following expiry dates:

- (a) Tranche 1 Performance Rights shall expire on the second anniversary of the date of grant; and
- (b) Tranche 2 Performance Rights shall expire on the third anniversary of the date of grant; and
- (c) Tranche 3 Performance Rights shall expire on the fourth anniversary of the date of grant.

Shareholder approval is required under Listing Rule 10.14 for the proposed grant of the Performance Rights because Mr Allchurch is a related party of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

Resolution 3 is an ordinary resolution.

5.2 Specific information required by Listing Rule 10.15

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

- (a) the Performance Rights will be granted to Mr Allchurch, a Director of the Company;
- (b) the maximum number of Performance Rights to be granted to Mr Allchurch pursuant to Resolution 3 is 27,000,000 comprising of 9,000,000 Tranche 1 Performance Rights, 9,000,000 Tranche 2 Performance Rights and 9,000,000 Tranche 3 Performance Rights. The actual number of Performance Rights that vest is dependent on the achievement of the performance conditions as described above;
- (c) the Performance Rights will be granted as incentive Performance Rights and will be granted for no monetary consideration. Further, the exercise price of the Performance Rights will also be nil consideration;
- (d) under the rules of the Performance Rights Plan, only eligible Employees (which are determined by the Board) are entitled to participate in the Performance Rights Plan. Mr Allchurch has been determined to be an eligible Employee for the purposes of the Performance Rights Plan;
- (e) the Company will grant the Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX may in its discretion allow;
- (f) there have not been any Performance Rights granted under the Performance Rights Plan to date; and
- (g) a voting exclusion statement is included in the Notice.

6. Resolution 4 – Authority to grant Plan Options to a Director – Mr James Allchurch

6.1 Background

The Company proposes to grant a total of 13,000,000 Plan Options to Mr James Allchurch, an Executive Director, under the Option Plan.

The principal terms of the Option Plan are summarised in Schedule 1.

The Plan Options will be granted for nil consideration. The Plan Options will be exercisable at a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of the Meeting, on or before the date that is 4 years from the date of the grant of the Plan Options.

In the Company's present circumstances, the Board considers that the incentive to Mr Allchurch that will be represented by the grant of these Plan Options, are a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Mr Allchurch and are consistent with the strategic goals and targets of the Company. It is also usual that junior exploration companies will remunerate their directors by way of share or option incentive plans in order to preserve cash and maximise exploration activities.

Resolution 4 is an ordinary resolution and is subject to the passing of Resolution 2.

6.2 Listing Rule 10.14

Shareholder approval is required under Listing Rule 10.14 for the proposed grant of the Plan Options because Mr Allchurch is a related party of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of Plan Options to Mr Allchurch will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

6.3 Specific information required under Listing Rule 10.15

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Plan Options:

- (a) The maximum number of Plan Options that may be granted to Mr Allchurch pursuant to Resolution 4 is 13,000,000 Plan Options.
- (b) The Exercise Price of each Plan Option is a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of the Meeting. Each Plan Option vests immediately upon grant and has a specified expiry date of the date that is four years from the date of grant. Refer to Schedule 2 for further terms and conditions of the Plan Options.
- (c) Upon exercise of the Plan Options, the Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (d) The Plan Options will be granted for nil consideration.

- (e) There have not been any Plan Options granted under the Option Plan to date.
- (f) Under the Option Plan, only Employees (as defined in Section 9 of this Notice) are entitled to participate in the Option Plan. Mr Allchurch has been determined to be an Employee for the purposes of the Option Plan.
- (g) A voting exclusion statement is included in the Notice.
- (h) The Company will grant the Plan Options no later than 12 months after the date of the Meeting or such longer period of time as ASX may in its discretion allow.

7. Resolution 5 – Authority to grant Plan Options to a Director – Mr Gary Steinepreis

7.1 Background

The Company proposes to grant a total of 5,000,000 Plan Options to Mr Gary Steinepreis, a Non-Executive Director, under the Option Plan.

The principal terms of the Option Plan are summarised in Schedule 1.

The Plan Options will be granted for nil consideration. The Plan Options will be exercisable at a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of grant of the Plan Options, on or before the date that is 4 years from the date of the grant of the Plan Options.

In the Company's present circumstances, the Board considers that the incentive to Mr Steinepreis that will be represented by the grant of these Plan Options, are a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Mr Steinepreis and are consistent with the strategic goals and targets of the Company. It is also usual that junior exploration companies will remunerate their directors by way of share or option incentive plans in order to preserve cash and maximise exploration activities.

Resolution 5 is an ordinary resolution and is subject to the passing of Resolution 2.

7.2 Listing Rule 10.14

Shareholder approval is required under Listing Rule 10.14 for the proposed grant of the Plan Options because Mr Allchurch is a related party of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of Plan Options to Mr Allchurch will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

7.3 Specific information required under Listing Rule 10.15

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Plan Options:

- (a) The maximum number of Plan Options that may be granted to Mr Steinepreis pursuant to Resolution 5 is 5,000,000 Plan Options.

- (b) The Exercise Price of each Plan Option is a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of the Meeting. Each Plan Option vests immediately upon grant and has a specified expiry date of the date that is four years from the date of grant. Refer to Schedule 2 for further terms and conditions of the Plan Options.
- (c) Upon exercise of the Plan Options, the Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (d) The Plan Options will be granted for nil consideration.
- (e) There have not been any Plan Options granted under the Option Plan to date.
- (f) Under the Option Plan, only Employees (as defined in Section 9 of this Notice) are entitled to participate in the Option Plan. Mr Steinepreis has been determined to be an Employee for the purposes of the Option Plan.
- (g) A voting exclusion statement is included in the Notice
- (h) The Company will grant the Plan Options no later than 12 months after the date of the Meeting or such longer period of time as ASX may in its discretion allow.

8. Resolution 6 – Authority to grant Plan Options to a Director – Mr Patrick Burke

8.1 Background

The Company proposes to grant a total of 2,500,000 Plan Options to Mr Patrick Burke, a Non-Executive Director, under the Option Plan.

The principal terms of the Option Plan are summarised in Schedule 1.

The Plan Options will be granted for nil consideration. The Plan Options will be exercisable at a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of the Meeting, on or before the date that is 4 years from the date of the grant of the Plan Options.

In the Company's present circumstances, the Board considers that the incentive to Mr Burke that will be represented by the grant of these Plan Options, are a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Mr Burke and are consistent with the strategic goals and targets of the Company. It is also usual that junior exploration companies will remunerate their directors by way of share or option incentive plans in order to preserve cash and maximise exploration activities.

Resolution 6 is an ordinary resolution and is subject to the passing of Resolution 2.

8.2 Listing Rule 10.14

Shareholder approval is required under Listing Rule 10.14 for the proposed grant of the Plan Options because Mr Burke is a related party of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of Plan Options to Mr Burke will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

8.3 Specific information required under Listing Rule 10.15

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Plan Options:

- (a) The maximum number of Plan Options that may be granted to Mr Burke pursuant to Resolution 6 is 2,500,000 Plan Options.
- (b) The Exercise Price of each Plan Option is a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of the Meeting. Each Plan Option vests immediately upon grant and has a specified expiry date of the date that is four years from the date of grant. Refer to Schedule 2 for further terms and conditions of the Plan Options.
- (c) Upon exercise of the Plan Options, the Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (d) The Plan Options will be granted for nil consideration.
- (e) There have not been any Plan Options granted under the Option Plan to date.
- (f) Under the Option Plan, only Employees (as defined in Section 9 of this Notice) are entitled to participate in the Option Plan. Mr Burke has been determined to be an Employee for the purposes of the Option Plan.
- (g) A voting exclusion statement is included in the Notice.
- (h) The Company will grant the Plan Options no later than 12 months after the date of the Meeting or such longer period of time as ASX may in its discretion allow.

9. Definitions

\$ means Australian Dollars.

Article means an article of the Constitution.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Chairman means the chairman of this Meeting.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means Monto Minerals Limited ACN 063 144 865.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Employee means a person who is a full-time or permanent part-time employee or officer or director of the Company or such other person as the Board determines.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Offer has the meaning given in Section 3.1 of the Explanatory Memorandum.

Option means an option to acquire a Share.

Option Plan has the meaning given in Section 3.1 of the Explanatory Memorandum.

Option Plan Rules means the rules of the Option Plan.

Performance Right means a performance right granted under the Plan.

Participant means an Employee who has accepted an invitation to participate in the Option Plan.

Performance Rights Plan has the meaning given in Section 3.1 of the Explanatory Memorandum.

Plan Options means Options granted to a Participant under the Option Plan on the terms and conditions in Schedule 2.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 Summary of the Monto Employee Option Acquisition Plan

1. Summary of the Option Plan and terms on which invitations may be made
 - (a) The Directors, at their discretion, may issue Plan Options to Participants at any time, having regard to relevant considerations such as the Participant's past and potential contribution to the Company, and their period of employment with the Company.
 - (b) Participants in the Option Plan are Employees and Directors of the Company, or of a related body corporate. The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
 - (c) The Option Plan is administered by the Directors of the Company, who have the power to:
 - (i) determine appropriate procedures for administration of the Option Plan consistent with its terms;
 - (ii) resolve conclusively all questions of fact or interpretation in connection with the Option Plan;
 - (iii) delegate the exercise of any of its powers or discretions arising under the Option Plan to any one or more persons for such period and on such conditions as the Board may determine; and
 - (iv) suspend, amend or terminate the Option Plan.
 - (d) Plan Options must be granted for nil consideration.
 - (e) The exercise price of the Plan Options shall be determined by the Board (in its discretion), provided that in no event shall the exercise price be less than 80% of the average closing sale price of the Shares on ASX over the 5 trading days immediately preceding the date of the invitation.
 - (f) The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of the Plan Options when aggregated with:
 - (i) the number of Shares in the same class issued during the previous 5 years under the Option Plan (or any other employee incentive plan extended only to Employees); and
 - (ii) the number of Shares in the same class that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive plan of the Company were to be exercised or accepted,does not exceed 5% of the total number of issued Shares at the time the invitation to acquire Plan Options is made (but disregarding any offer of Options that can be disregarded in accordance with the ASIC Class Order 03/184).
 - (g) The Shares to be issued on exercise of the Plan Options will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.

- (h) The Board may determine the time periods or performance hurdles after which the Plan Options will vest and the percentage of Plan Options issued which will vest at each particular time. The Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company.
- (i) A Plan Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Plan Option has vested. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with the terms of the Option Plan.
- (j) Plan Options will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on exercise of the Plan Options as soon as practicable after their Issue Date.
- (k) The Plan Options are transferable subject to compliance with the Corporations Act.

Schedule 2 - Terms and Conditions of the Plan Options

1. Entitlement

Each Plan Option entitles the holder to subscribe for one Share upon exercise of each Plan Option.

2. Exercise Price and Expiry Date

The Exercise Price of each Plan Option is a 45% premium to the volume weighted average of the prices at which Shares were traded on the ASX during the one week period up to and including the date of the shareholder meeting at which approval to grant the Plan Options was sought. Each Plan Option vests immediately upon grant and has a specified expiry date of the date that is four years from the date of grant (**Specified Expiry Date**).

The Plan Options will expire on that date (**Expiry Date**) which is the earlier of:

- (a) the Specified Expiry Date referred to in the above table; or
- (b) as determined in accordance with item 3 below,

and thereafter no party has any claim against any other party arising under or in respect of the Plan Options.

3. Ceasing to be an Employee

If at any time prior to the Expiry Date of any Plan Options, an Employee ceases to be an Employee as a Good Leaver, the Employee, will be entitled to keep any Plan Options.

If at any time prior to the Expiry Date of any Plan Options, an Employee ceases to be an Employee as a Bad Leaver such Employee will have until the earlier of:

- (a) three months from the date of ceasing to be an Employee; or
- (b) the Expiry Date of the Plan Options,

to exercise the Plan Options, otherwise the Plan Options will automatically lapse.

For the purposes of this item 2:

"Employee" means a person who is a full-time or permanent part-time employee or officer or director of the Company or such other person as the Board determines.

"Good Leaver" means an Employee who ceases to be an Employee by reason of retirement, permanent disability, redundancy or death or anyone determined by the Board as a good leaver on a case by case basis and at its absolute discretion.

"Bad Leaver" means an Employee who ceases to be an Employee by any reason other than as a Good Leaver.

4. Exercise Period

The Plan Options are exercisable at any time after grant and on or prior to the Expiry Date.

5. Notice of Exercise

The Plan Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Plan Option being exercised. Any Notice of Exercise of a Plan Option received by the Company will be deemed to be a notice of the exercise of that Plan Option as at the date of receipt.

6. Shares issued on exercise

Shares issued on exercise of the Plan Options rank equally with the then Shares of the Company.

7. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Plan Options.

8. Timing of issue of Shares

After a Plan Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Plan Option:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Share.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Plan Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least nine business days after the issue is announced. This will give the holders of Plan Options the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves (**Bonus Issue**), each holder of Plan Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Plan Options the number of Shares which would have been issued under the Bonus Issue (**Bonus Shares**) to a person registered as holding the same number of Shares as that number of Shares to which the holder of Plan Options may subscribe for, pursuant to the exercise of those Plan Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other Shares issued upon exercise of the Plan Options.

11. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a Plan Option.

12. Adjustments for reorganisation

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Plan Options, the number of Plan Options to which each holder of Plan Options is entitled or the Exercise Price of his or her Plan Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

13. Quotation of Plan Options

No application for quotation of the Plan Options will be made by the Company.

14. Plan Options transferable

Plan Options are transferable provided that the transfer of the Plan Options complies with section 707(3) of the Corporations Act.

15. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Plan Options with the appropriate remittance should be lodged at the Company's Registry.

MONTO MINERALS LIMITED
ACN 063 144 865

PROXY FORM

The Company Secretary
Monto Minerals Limited

By delivery:

Level 1
33 Ord Street
West Perth
Western Australia 6005

By post:

P.O. Box 637
West Perth
Western Australia 6872

By facsimile:

+61 (08) 9420 9399

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We ¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box) ☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting to be held at Level 1, 33 Ord Street, West Perth, Western Australia on 22 February 2012 at 3pm (WST) and to vote in accordance with the following directions.

Important for the Resolutions - If the Chairman of the Meeting is appointed as your proxy, or may be appointed as your proxy by default, and you have not directed him how to vote on the Resolutions below, please mark the box below. If you do not mark this box and you have not directed your proxy how to vote on the Resolutions in Step 2 below, the Chairman will not cast your votes on the Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote on the Resolutions by either marking the relevant boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking the box below in this Step 1 (in which case the Chairman will vote in favour of the Resolutions).

The Chairman of the Meeting intends to vote all available proxies in favour of the Resolutions.

The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolutions:

- ☐ I/We (except where I/we have indicated a different voting intention below):
- (a) direct the Chairman of the Meeting to vote in accordance with the voting intentions of the Chairman on the Resolutions to vote in favour of these Resolutions; and
 - (b) authorise, in respect of the Resolutions, the Chairman of the Meeting to vote as described even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company and even if the Chairman of the Meeting has an interest in the outcome of the Resolutions; and
 - (c) acknowledge that votes cast by the Chairman of the Meeting for the Resolutions other than as proxy holder will be disregarded because of that interest.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Approval of the Monto Employee Performance Rights Plan	☐	☐	☐
Resolution 2	Adoption of Monto Employee Option Acquisition Plan	☐	☐	☐
Resolution 3	Approval of the Grant of Performance Rights to a Director – Mr James Allchurch	☐	☐	☐
Resolution 4	Authority to Grant Plan Options to a Director – Mr James Allchurch	☐	☐	☐
Resolution 5	Authority to Grant Plan Options to a Director – Mr Gary Steinepreis	☐	☐	☐
Resolution 6	Authority to Grant Plan Options to a Director – Mr Patrick Burke	☐	☐	☐

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the General Meeting (WST).

Hand deliveries: Level 1, 33 Ord Street, West Perth, Western Australia 6005

Postal address: P.O. Box 637, West Perth, Western Australia 6872

Facsimile: (08) 9420 9399 from within Australia or +61 8 9420 9399 if faxed from outside Australia.